

**MINUTES**  
**LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE**  
**June 26 & 27, 2006**

The Legislative Government Oversight Committee met June 26, 2006, in the Supreme Court Chamber at the Capitol. Chair Senator Wieck called the meeting to order at 1:00 p.m. Other members present were:

Senator Tom Courtney, Chair  
Senator Pat Ward

Representative Dwayne Alons, Chair  
Representative Joe Hutter, VC  
Representative Vicki Lensing, RM  
Representative Clel Baudler  
Representative Wes Whitehead  
Representative Cindy Winckler

**APPROVAL OF MINUTES**

Minutes from the June 19 & 20, 2006, meeting moved by Senator Courtney and approved by the Committee.

**CIETC INQUIRY**

The Committee continued its inquiry relating to the Central Iowa Employment and Training Consortium (CIETC) with testimony from the following individuals:

**Mr. Jack Cline, Operations Program Manager for CIETC**

Mr. Cline, accompanied by Ms. Deborah M. Tharnish, acting as CIETC's legal counsel, responded to questions from Committee Members. Mr. Cline described various duties that he had performed during his career at CIETC, and noted that he currently oversees the delivery of program services and program evaluations. Mr. Cline discussed CIETC responsibilities, including the hosting of job fairs and sponsoring job training. Mr. Cline described CIETC's relationship with Iowa Department of Workforce Development in providing employment and training services and programs including: programs under the Workforce Investment Act (under the United States Department of Labor); programs commonly known as the Youth Program and the Dislocated Worker Services Program; and the Promise Jobs Program (under the United States Department of Health and Human Services). He discussed tracking employment and the degree to which employers rely upon CIETC services. He noted that CIETC employed approximately 70 persons and discussed State and federal funding sources used to support employee salaries and supplemental payments. Mr. Cline stated that he did not have direct knowledge of any abuses occurring at CIETC, and could not comment upon a number of questions regarding budget or personnel practices. Mr. Cline noted that the position held by Ms. Ramona Cunningham, CIETC's former Chief Executive Officer, and Mr. John Bargman, CIETC's former Chief Operating Officer, are currently vacant, and referred the Committee to Mr. Doug Williams, Vice President of Business Services for Des Moines Area Community College who is carrying out CIETC administrative duties under a special agreement. He explained that the CIETC's Board of Directors (Board), also referred to as Local Elected Officials, had regularly

met in joint session with the Regional Workforce Investment Board (RWIB) for Region 11 and discussed issues involving possible conflicts of interest.

**Tammy Higar, Administrative Assistant for CIETC.**

Ms. Higar, was also accompanied by Ms. Tharnish, responded to questions from Committee Members. Ms. Higar described her duties at CIETC, which included keeping payroll records and carrying out salary and supplemental payments to CIETC employees under the direction of Ms. Cunningham or Mr. Bargman. Ms. Higar stated that she has been interviewed by federal and State enforcement agencies, including the Federal Bureau of Investigation. She discussed her working relationship with Ms. Karen Tesdall (Accountant) and Ms. Sherry Howard (Board Secretary/Treasurer); her change in duties when Mr. Bargman assumed supervisory duties; the installation of a new electronic accounting program which became operational in July 2003, and routine and extraordinary CIETC accounting practices during the period under review, including the use of signature stamps used to authorize the payment of supplemental payments; and Ms. Cunningham's use a credit card in the name of Board member, Tom Vlassis, which was sometimes paid late using CIETC funds. Ms. Higar stated that disciplinary action had been taken against her as a result of once discussing salary and supplemental payment practices (a five-day suspension), and understood that she would be subject to further employment sanctions if she continued to raise questions regarding payments. Ms. Higar stated her impression that supplemental payments were made based on favoritism, decisions regarding supplemental salary payments were confidential and informal, and that she was not aware of objective criteria used to support the timing or amount of supplemental payments. Ms. Higar stated that payments were authorized by letters purportedly signed by Mr. Archie Brooks who served as the Board's Chairman. She also noted that a person was enrolled in CIETC's health insurance plan even though the person did not qualify. Ms. Higar stated that the working atmosphere at CIETC has dramatically improved, and continues to believe in its mission.

**Diane Bolden, Administrative Assistant for CIETC**

Ms. Bolden was also accompanied by Ms. Tharnish and responded to questions from Committee Members. Ms. Bolden stated that she served as Executive Secretary to Ms. Cunningham and described her working relationship with Ms. Cunningham. According to Ms. Bolden, she routinely prepared minutes for the Board, and stated that Ms. Cunningham directed her to correct or change the minutes of Board meetings, including listing absent members as present, and to amend Board bylaws which did not receive Board approval. She discussed removing of a Board policy prohibiting nepotism, and discussed the practice of nepotism. Ms. Bolden noted that Board meetings frequently lasted for not more than 20 minutes, but recently meetings have lasted much longer. She briefly discussed functions performed by CIETC, that it assists a number of employers rather than one large employer, and stated her belief that it does not provide duplicative services. In response to a question, Ms. Tharnish responded that the Board has not determined whether it will seek to recover moneys paid to CIETC executive officers. The Committee discussed how appointments to regional workforce investment boards are made, the qualifications of members, and the retention of members. Ms. Bolden discussed the process of approving supplemental payments which were approved by Mr. Brooks based upon a Board reauthorization, although Ms. Bolden questioned whether the Board had previously granted the original authorization.

## **RECESSED**

Senator Wieck recessed the meeting at 4:47 p.m.

**June 27, 2006**

Senator Wieck called the meeting to order at 9: 04 a.m.

## **ETHICS PROCEDURES AND POLICIES – RECOMMENDATIONS**

Mr. Charlie Smithson, Executive Director and Legal Counsel, Ethics and Campaign Disclosure Board (Board), discussed ethics procedures and policies which could avert the development of situations similar to CIETC in other agencies, and proposed related legislative changes. Mr. Smithson indicated that CIETC does not fall under the purview of his Board, which pursuant to Chapter 68B, Code of Iowa, oversees the Executive Branch. He stated that one meeting has been held with the State Auditor's Office regarding the potential conflict of interest posed by the employment of Deb Dessert Bargman by the Office and her contractual relationship with CIETC, and that a follow-up meeting will be scheduled. He related discussions with IWD regarding procedures in place for terminated CIETC employees seeking unemployment compensation; monthly meetings with the State Ombudsman's Office in an effort to enhance coordination between that office and his Board; and the review of existing administrative rules and the establishment of new ones relating to use of confidential information, misuse of public property, abuse of office, and conflicts of interest. Mr. Smithson indicated that he continues to monitor the CIETC situation from an ethics standpoint. He identified as potential legislative changes extension of ethics jurisdiction to Chapter 28E, Code of Iowa, or at least a clarification of the legal status of quasi-governmental entities relating to ethics, development of uniform conflict of interest standards, refinement of nepotism provisions in Chapter 71, Code of Iowa, and consideration of non-family relationships, and increased education and training for new members joining boards and commissions. Committee discussion included a request for legislation prohibiting the payment of bonuses to state employees and Chapter 28E entities, whether the subpoena deadline contained in the Resolutions passed during the 2006 legislative session conferring authority to the Senate and House standing committees on Government Oversight regarding the CIETC investigation are workable or should be extended, creation of a training manual for new board members, and the need to balance increased various board member accountability while not discouraging participation.

## **OTHER BUSINESS**

Committee members engaged in a general discussion of the future direction of the Committee relative to CIETC, proposed timelines regarding concluding the investigation, assessment of the amount of information obtained thus far and possible investigation outcomes, and upcoming agendas.

## **ADDITIONAL INFORMATION**

Committee meetings involving CIETC are being recorded, and can be linked via the opening page of the General Assembly's internet homepage. A website address for the recorded meetings is: <http://www4.legis.state.ia.us/lfb/SubCom/related links/OversightRecordings.html>.

### **NEXT MEETING**

The Committee is scheduled to meet July 10, 2006 at the Statehouse. Location and agenda to be announced.

### **ADJOURNED**

Senator Wieck adjourned the meeting at 10:47 a.m.